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An Aspirin for the CIA, but Major Surgery Needed

By James Bamford

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Like its director, William J. Casey, who resigned last week following brain surgery for a malignant tumor, the Central Intelligence Agency is seriously ill and the prognosis is for a slow recovery.

Chosen by President Reagan to nurse the agency back to health is Robert M. Gates, a 43-year-old Soviet analyst who has served as Casey's deputy since April, 1986. Although the choice of Gates has drawn support on both ends of the political spectrum, his selection represents little more than an aspirin where major surgery is called for.

Among the most striking revelations to emerge from the recently released Senate Intelligence Committee report is the picture it paints of a weak and confused Casey attempting to run an agency in search of a purpose. For decades pure espionage—the collection of intelligence—has shifted to the more cost-effective technospies: The sensitive ears of the National Security Agency and the telephoto eyes of the National Reconnaissance Office. To fill the void, the CIA turned more and more toward covert operations, an area that Casey, a former Office of Strategic Services operative, was familiar with.

But, as the intelligence committee report vividly shows, Casey was too weak a director even to maintain the agency's control over covert operations. Thus it was not an experienced CIA official who played a key role in arranging the early arms-for-hostages transfers, but Michael A. Ledeen, a neophyte part-time employee of the National Security Council who acted more like a lobbyist for Israel than a U.S. representative, and Lt. Col. Oliver L. North, a monomaniacal Marine also on the NSC staff. Ledeen was later replaced with various arms dealers.

An even more disturbing revelation to emerge from the Senate report was the agency's lack of control over its own covert-action specialists. For example, it was not Casey but John N. McMahon, the agency's deputy director (acting as director while Casey was in China), who ordered that no further CIA activity in support of the NSC operation be conducted without a presidential finding authorizing covert actions.

Nonetheless, despite the fact that a finding was not issued until Jan. 17, 1986, nearly two months later, the agency's Covert Action Unit secretly continued to offer assistance for future NSC arms-for-hostages operations. Such actions led one congressman on the House Foreign Affairs Committee to declare, "There are clearly elements who believe they are a government unto themselves." And Adm. Stansfield Turner, Casey's predecessor at the CIA, said, "If I'd have found out that there was an intelligence operation run without my knowing it, I'd have quit the next day."

Finally, the CIA under Casey may have severely damaged one of the agency's most important intelligence sources: close liaison activities with friendly governments. It is far easier, for example, for the West German government to infiltrate the East German intelligence network—and then share the result with the CIA—than it is for the CIA to spend years attempting to train Americans to do the very same thing.

But developing such assets often takes years of patience and, especially trust. Loss of that trust may result in a cutoff of key intelligence for a long time. Unfortunately, it is just such trust that the CIA under Casey and Gates has been rapidly squandering. How can any foreign government, for example, trust its secrets to an agency that warns them against selling arms to terrorist nations while at the same time is secretly doing precisely that; or allows highly sensitive covert operations to be conducted by a group of inexperienced comic-book characters; or misplaces tens of millions of dollars in secret funds; or supplies doctored intelligence to one side in a war while secretly sending arms to the other? The argument that senior agency officials had no idea that any or all of the above was taking place would only compound, not lessen, the mistrust of friendly intelligence services.

These are just a few of the problems the new director must overcome if the CIA is to regain its credibility. Unfortunately, Gates does not measure up to the job. His main virtues appear to be a strong ambition and an ability to follow orders unquestionably. He also appears to have been heavily involved with Casey—not in trying to get to the bottom of the illegal diversion of funds from the Iran deal to the *contras*, but in trying to cover it up.

Gates, for example, was first informed by a CIA analyst of the possible diversion of funds as far back as Oct. 1, 1986. During their discussion, however, there was never any mention of potential illegality, only talk about the inappropriate commingling of separate accounts and the risk of the operation's discovery. Not until Oct. 7 did Gates and the other official brief Casey on the likely diversion.

Adding to the worry was the fact that earlier that same day Casey had met with Roy M. Furmark, an old friend, who warned him that two Canadian businessmen, who had put up money for the arms deal, had not been repaid—and they were threatening to go public. Soon after the meeting, Casey and Gates informed Vice Adm. John M. Poindexter, then Reagan's national security adviser, of the possible diversion of funds to the *contras* and the possibility that the operation might be blown.

What Casey and Gates were obligated to do at this point was inform the congressional Intelligence Committee and also the President's Intelligence STAT sight Board, a small White House body charged with looking into possible illegal intelligence activities. What they did instead was to try to turn a blind eye to the whole operation. According to one report, Gates told the Intelligence Committee that it was CIA policy "to not even want to know about funds being diverted to the *contras*." "If we even knew," Gates said, "we would be blamed for it."

Thus, even though North, over lunch with Casey and Gates on Oct. 9, made reference to the Swiss bank account and money for the *contras*, neither CIA official were interested in hearing any more about it. All they wanted to know was whether the CIA was "clean." Assured by North that it was, Casey and Gates pressed no further and again made no mention to any oversight body. The most they did was to ask the agency's in-house general counsel to review all aspects of the Iran project to ensure that the CIA was not involved. The general counsel, without questioning North or, apparently, anyone else with any potential knowledge, quickly came up with a clean bill of health for the CIA.

Over the next six weeks, growing evidence of the funds diversion continued to flow into the offices of Casey and Gates. Yet the cover-up continued. On Nov. 21, Casey testified before the Senate Intelligence Committee and made no reference to the *contra* diversion. Later, Gates weakly defended the deception, saying that they (Casey and Gates) didn't have enough information to go on. Yet, Gates added, "It was enough to raise our concerns to the point where we exp STAT them to the White House."

There is no doubt, as many have

indicated, that Gates represents a vast improvement over his former boss. He is bright, articulate and capable. He also appears to be more comfortable with congressional oversight than Casey, who viewed the intelligence committees with disdain and suspicion. But, his actions during the Iran-*contra* affair leave a great deal to be desired. Unlike his predecessor, McMahon—who protested loudly over such improper activities as the lack of the presidential finding and then resigned, apparently at least in part as protest to the agency's continued involvement in the arms-for-hostages deal—Gates shows no such inclination toward moral courage. In choosing someone to head up the entire U.S. intelligence community, such a quality must be a principal requirement.

In its confirmation hearings next week the Senate Intelligence Committee should send the nomination of Gates back to the White House with the clear message that what the agency needs is candor, not cover-up. The most effective cure for the CIA's ills is a new director from outside the agency with stature, broad foreign-policy, defense and intelligence background and a free hand to make all the necessary changes. Such an appointment may be the only way to get the agency off the critical list and into the recovery room. □

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